

AMENDED IN ASSEMBLY AUGUST 19, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE APRIL 24, 2013

AMENDED IN SENATE APRIL 10, 2013

**SENATE BILL**

**No. 741**

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**Introduced by ~~Senator~~ *Senators Cannella and Galgiani*  
(Coauthors: Senators Berryhill, Fuller, Gaines, ~~Galgiani~~, and  
Nielsen)**

(Coauthors: Assembly Members Achadjian, Alejo, Bigelow, *Chesbro*,  
Dahle, *Eggman*, Gray, Olsen, Perea, V. Manuel Pérez, Salas, and  
Williams)

February 22, 2013

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An act to amend Sections 19606.1, ~~19614~~, 19620, and 19620.2 of, and to repeal Sections 19608.3 and 19620.1 of, the Business and Professions Code, to amend Sections 3954, 3965, 3965.1, and 3967 of, to repeal Sections 4051.1, 4051.2, ~~4057~~, and 4401.5 of, and to repeal and add Sections 3200, 4051, and 4053 of, the Food and Agricultural Code, and to amend ~~Section~~ *Sections* 11011.2 *and* 13332.09 of the Government Code, relating to fairs, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 741, as amended, Cannella. California fairs: funding.

(1) Existing law regulates horse racing in this state and ~~provides, among other things,~~ *provides* for the payment and distribution of license fees in connection with horse racing meetings. Existing law establishes the Fair and Exposition Fund to, among other things, allocate moneys for the support of the network of California fairs. Existing law requires

certain license fees from satellite wagering to be deposited into a separate account in the Fair and Exposition Fund, and continuously appropriates those moneys for specified purposes, including, among others, the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

This bill would delete the provisions requiring satellite wagering license fees to be deposited into a separate account in the Fair and Exposition Fund and to be continuously appropriated for specified purposes. The bill would instead require certain revenues paid by racing associations and fairs generated by parimutuel wagering ~~and certain revenues from live races paid by fair racing associations as license fees~~ to be deposited into the Fair and Exposition Fund and would require those funds to be continuously appropriated for various purposes, including, among others, capital improvements at fairgrounds. *The bill would revise requirements for concurrence by the Joint Committee on Fairs, Allocation, and Classification of certain allocations proposed by the Secretary of Food and Agriculture.* The bill would also require all funds appropriated for California fairs and expositions to be deposited into the Fair and Exposition Fund and would continuously appropriate those funds for various purposes. By continuously appropriating the funds in the Fair and Exposition Fund, the bill would make an appropriation.

(2) Existing law provides that the Department of Food and Agriculture is responsible for providing oversight of activities carried out by each California fair, including, but not limited to, conducting fiscal and performance audits of county fairs and citrus fruit fairs that are either requested by the fair or that the department deems necessary, and conducting, or causing to be conducted, annual fiscal audits and periodic compliance audits.

This bill would delete the requirement that the department conduct the audits described above and would instead require the department to provide that the books and accounts for the prior calendar year of all fairs receiving money from the Fair and Exposition Fund be examined and reviewed annually and audited once every 3 years by an independent certified public accountant or certified public accountancy firm. The bill would require a summary of the examination to be appended to the fair's annual statement of ~~operation~~, *operations*, and would provide that the costs of the annual review or audit be the responsibility of each fair.

(3) Existing law requires the Legislature, from the total revenue received from the Department of Food and Agriculture, to annually

appropriate moneys to the department as it deems necessary for the oversight of the network of California fairs and to perform audits. Existing law continuously appropriates any of those funds that are unallocated to the Secretary of Food and Agriculture for specified purposes.

This bill would delete those provisions and instead would appropriate any unallocated balance in the Fair and Exposition Fund without regard to fiscal years for allocation by the secretary for capital outlay to California fairs for specified purposes. The bill would also specify that a reasonable amount of those funds, as determined by the secretary, may be used during any year by the Division of Fairs and Expositions to provide oversight and administration of the network of fairs. ~~The bill would require the secretary to annually project the available funds from the Fair and Exposition Fund and to prepare an annual expenditure plan for review and approval by the Joint Committee on Fairs, Allocation, and Classification. The bill would require the secretary's recommendations to be deemed approved 30 days after they are received unless they are rejected by the committee.~~

(4) Existing law divides the state into agricultural districts and provides for the management of these districts by district agricultural associations. Existing law provides for a board of directors for each district agricultural association, and provides for the appointment of each director by the Governor.

This bill would authorize the Governor to remove a director for cause within one year of the director's appointment.

(5) Existing law specifies the duties and responsibilities of district agricultural associations, and requires a district agricultural association to obtain the approval of the Department of Food and Agriculture prior to exercising certain powers, including, among others, the power to sue. Existing law also requires a district agricultural association to obtain the approval of both the Department of Food and Agriculture and the Department of General Services in order to exercise certain other powers, including the power to conduct activities upon the district agricultural association's property, contract, purchase, or convey an interest in either real or personal property, or to use or manage its real estate or personal property.

This bill would revise the duties and responsibilities of the Department of Food and Agriculture and the Department of General Services with respect to district agricultural associations, and, among other things, would delete the requirement that a district agricultural association

obtain the Department of Food and Agriculture's approval prior to suing. The bill would also delete the requirement that a district agricultural association obtain prior approval from both the Department of Food and Agriculture and the Department of General Services prior to conducting activities upon the district agricultural association's own property, or entering into a contract or exercising powers over its own real or personal property. The bill would require a district agricultural association to comply with specified contracting procedures, including, among others, soliciting bids in writing if the estimated total cost of a project exceeds ~~\$25,000, as specified:~~ \$25,000. The bill would require a district agricultural association to adopt a fiscal review policy to conduct audits at regular intervals, as specified, and would authorize the Department of Food and Agriculture to require an audit to be conducted at an earlier time if the department deems it necessary to protect the interests of the district agricultural association. The bill would specify that the title, control, and possession of all personal property acquired, held, managed, or operated by a district agricultural association vests with the district agricultural association. The bill would delete a provision requiring the Secretary of Food and Agriculture to expend up to \$100,000 each fiscal year for an exhibit or exhibits at a fair that demonstrates the process of production and use of food and fiber, and would also delete a requirement that the secretary provide for a conference of fair judges to aid the Department of Food and Agriculture in prescribing regulations, and to expend up to \$15,000 for that purpose. The bill would make other conforming and related changes.

(6) *Under existing law, the Department of General Services exercises oversight of the acquisition and replacement of motor vehicles, and the acquisition of certain mobile equipment, by state agencies, and defines "state agency" for those purposes.*

*This bill would exclude a district agricultural association from that definition.*

(6)

(7) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 19606.1 of the Business and Professions Code is amended to read:

19606.1. (a) All revenues transferred pursuant to Section 19616.52 and ~~subdivision (d) of Section 19614~~ *all other funding for fairs, as specified in Section 3200 of the Food and Agricultural Code*, shall be deposited in the Fair and Exposition Fund *pursuant to this section* and, notwithstanding Section 13340 of the Government Code, are continuously appropriated from the fund to the Department of Food and Agriculture, for allocation by the Secretary of Food and Agriculture, at his or her discretion, for the purposes set forth in paragraphs (1) to (6), inclusive. The concurrence of the Director of Finance shall be required for allocations pursuant to paragraphs (1) and (2). ~~Allocations pursuant to paragraphs (3) to (6), inclusive, shall be made with the concurrence of the Joint Committee on Fairs, Allocation, and Classification.~~

(1) For the repayment of the principal of, interest on, and costs of issuance of, and as security, including any coverage factor, pledged to the payment of, bonds issued or to be issued by a joint powers agency or other debt service or expense, including repayment of any advances made or security required by any provider of credit enhancement or liquidity for those bonds or other indebtedness or expenses of maintaining that credit enhancement or liquidity, incurred for the purpose of constructing or acquiring improvements at a fair's racetrack inclosure, satellite wagering facilities at fairs, health and safety repair projects, or handicapped access compliance projects at fairs or for the purpose of refunding bonds or other indebtedness incurred for those purposes. As used in this paragraph, "coverage factor" means revenues in excess of the amount necessary to pay debt service on the bonds or other indebtedness, up to an amount equal to 100 percent more than the amount of that debt service, which a joint powers agency, pursuant to the resolution or indenture under which the bonds or other indebtedness are or will be issued, pledges as additional security for the payment of that debt service or is required to have or maintain as a condition to the issuance of additional bonds or other indebtedness. Notwithstanding any other law, the department may also commit any funds available for

1 allocation under Article 10 (commencing with Section 19620) to  
2 complete projects funded under this paragraph in the priority  
3 described in this paragraph.

4 (2) For payment to the State Race Track Leasing Commission  
5 to be pledged for the repayment of debt necessary to construct a  
6 racetrack grandstand at the 22nd District Agricultural Association  
7 fairgrounds. This payment shall be made only if the secretary  
8 determines, annually, that all other pledged revenues have been  
9 applied to the repayment of that debt and have been determined  
10 by the secretary to be inadequate for that purpose.

11 (3) For the general support of the network of California fairs  
12 pursuant to the provisions of this chapter.

13 (4) For health and safety repair projects at fairs, including fire  
14 and life safety improvement projects, regulatory compliance  
15 projects, and long-term deferred maintenance projects.

16 (5) For capital improvements at fairgrounds. In making  
17 determinations to fund capital improvements pursuant to this  
18 paragraph, the secretary may grant priority status to renewable  
19 energy generation projects.

20 (6) For the payment of expenses incurred in developing and  
21 operating revenue generating projects at fairs, or which directly  
22 benefit fairs, including the payment of expenses incurred in  
23 establishing and operating horse racing facilities, industry training,  
24 the establishment of pilot projects to restructure the current fair  
25 system, and for projects realizing a cost savings for more efficient  
26 utilization of existing fair resources.

27 (b) The secretary may not make an allocation for purposes of  
28 paragraphs (2) to (6), inclusive, of subdivision (a) until the  
29 payments required in any fiscal year pursuant to paragraph (1) of  
30 subdivision (a) have been funded.

31 ~~(c) Pursuant to subdivision (a), (1) If the total amount of~~  
32 ~~allocations to be made pursuant to paragraphs (3) to (6), inclusive,~~  
33 ~~of subdivision (a) exceeds five million dollars (\$5,000,000), the~~  
34 ~~Joint Committee on Fairs, Allocation, and Classification shall~~  
35 ~~review and concur, or not concur, with the secretary's~~  
36 ~~determination of the allocations to be made pursuant to paragraphs~~  
37 ~~(3) to (6), inclusive, of subdivision (a) in total, those provisions,~~  
38 ~~and the committee may not add to, or delete projects or line items~~  
39 ~~from, the proposed allocations.~~

40 (d)

(2) The secretary's recommendations to the Joint Committee on Fairs, Allocation, and Classification shall be deemed approved 30 days after they are received unless they are rejected by the committee.

(e)

(3) If the Joint Committee on Fairs, Allocation, and Classification does not concur with the secretary's recommendations, the secretary may submit another set of recommendations to the committee pursuant to this section.

(f)

(d) The payments required in any fiscal year for the purposes of paragraphs (1) and (2) of subdivision (a) shall be made before the secretary may utilize any moneys pursuant to subdivision ~~(g)~~ (e).

~~(g)~~

(e) Except as otherwise provided in subdivision ~~(f)~~, (d), when the revenues deposited in the Fair and Exposition Fund exceed the amount necessary to satisfy the purposes of paragraphs (1) and (2) of subdivision (a), the secretary may utilize the excess amounts plus the amounts deposited to the credit of the Fair and Exposition Fund pursuant to revenues deposited to the credit of the fund from all other sources to make allocations from the fund for the purposes of Section 19620.2.

SEC. 2. Section 19608.3 of the Business and Professions Code is repealed.

~~SEC. 3. Section 19614 of the Business and Professions Code is amended to read:~~

~~19614. (a) Notwithstanding Sections 19611 and 19612, and except for an association that qualifies pursuant to Section 19612.6, for a fair conducting a live racing meeting, 1 percent of the total amount handled on live races, excluding wagering at a satellite facility, shall be retained by the fair association for payment to the state as a license fee.~~

~~(b) Additionally, 0.48 percent of the total amount handled on live racing, excluding wagering at a satellite facility, shall be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2, and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2.~~

~~(e) (1) After distribution of the applicable amounts as set forth in subdivisions (a) and (b) and the payments made pursuant to other relevant sections of this chapter, all funds remaining from the deductions provided in Section 19610 shall be distributed 47.5 percent as commissions and 52.5 percent as purses. From the amount distributed as thoroughbred purses, a sum equal to 0.07 percent of the total handle shall be held by the association to be deposited with the official registering agency pursuant to subdivision (a) of Section 19617.2, and shall thereafter be distributed in accordance with subdivisions (b), (c), and (d) of Section 19617.2.~~

~~(2) Any additional amount generated for purses and not distributed during the previous corresponding meeting shall be added to the purses at the current meeting.~~

~~(d) In addition to the amounts deducted pursuant to Section 19610, any fair racing association shall deduct 1 percent from the total amount handled in its daily conventional and exotic parimutuel pools. The additional 1 percent shall be deposited in the Fair and Exposition Fund and is hereby appropriated for the purposes specified in paragraph (6) of subdivision (a) of Section 19606.1.~~

~~SEC. 4.~~

~~SEC. 3.~~ Section 19620 of the Business and Professions Code is amended to read:

19620. (a) The Legislature finds and declares that the Department of Food and Agriculture is responsible for ensuring the integrity of the Fair and Exposition Fund, administering allocations from the fund to the network of California fairs, as defined in Sections 19418 to 19418.3, inclusive, and providing oversight of activities carried out by each California fair.

(b) Oversight shall include, but not be limited to, the following:

(1) Monitoring the solvency of the Fair and Exposition Fund.

(2) Distributing available state resources to the network of California fairs based on criteria for state allocations approved by the Secretary of Food and Agriculture. The criteria for the distribution of available state resources to the network of California fairs shall not include a consideration of the structure that governs the fair.

(3) Creating a framework for administration of the network of California fairs allowing for maximum autonomy and local

1 decisionmaking authority, and conducting, or causing to be  
2 conducted, annual fiscal reviews.

3 (4) Requiring books and accounts for the prior calendar year of  
4 all fairs receiving money from the fund to be examined and  
5 reviewed annually and audited once every three years by an  
6 independent certified public accountant or certified public  
7 accountancy firm selected by the fair. A summary of this  
8 examination, certified by the selected certified public accountant  
9 or certified public accountancy firm, shall be appended to the fair's  
10 annual statement of operations, along with the accountant or  
11 accounting firm's recommendations, for the approval of the  
12 secretary. The cost of a fair's annual review or audit shall be the  
13 responsibility of each fair. With the approval of the secretary, two  
14 or more fairs may conduct or contract for a joint review or audit.

15 (5) Guiding and providing incentives to fairs to seek matching  
16 funds and generate new revenue from a variety of sources.

17 (6) Supporting continuous improvement of fair programming  
18 to ensure that California fairs remain highly relevant community  
19 institutions.

20 ~~SEC. 5:~~

21 *SEC. 4.* Section 19620.1 of the Business and Professions Code  
22 is repealed.

23 ~~SEC. 6:~~

24 *SEC. 5.* Section 19620.2 of the Business and Professions Code  
25 is amended to read:

26 19620.2. (a) Any unallocated balance in the Fair and  
27 Exposition Fund is hereby appropriated without regard to fiscal  
28 years for allocation by the Secretary of Food and Agriculture for  
29 capital outlay to California fairs for fair projects involving public  
30 health and safety, for fair projects involving major and deferred  
31 maintenance, for fair projects necessary due to any emergency,  
32 for projects that are required by physical changes to the fair site,  
33 for projects that are required to protect the fair property or  
34 installation, such as fencing and flood protection, and for the  
35 acquisition or improvement of any property or facility that will  
36 serve to enhance the operation of the fair.

37 (b) A portion of the funds subject to allocation pursuant to  
38 subdivision (a) may be allocated to California fairs for general  
39 operational support. It is the intent of the Legislature that these

1 moneys be used primarily for those fairs whose sources of revenue  
2 may be limited for purposes specified in this section.

3 (c) As determined by the secretary, a reasonable amount of the  
4 funds specified in subdivision (a) may be used during any year by  
5 the Division of Fairs and Expositions to provide oversight and  
6 administration of the network of California fairs pursuant to this  
7 chapter.

8 ~~(d) The secretary shall annually project the available funds from~~  
9 ~~the Fair and Exposition Fund and shall advise the Joint Committee~~  
10 ~~on Fairs, Allocation, and Classification of the administrative budget~~  
11 ~~of the Division of Fairs and Expositions and the additional staff~~  
12 ~~and contracts necessary to develop and administer an operational~~  
13 ~~and policy framework to oversee the network of California fairs~~  
14 ~~and include that amount in the annual expenditure plan described~~  
15 ~~in subdivision (e).~~

16 ~~(e) The secretary shall prepare an annual expenditure plan for~~  
17 ~~use of the moneys available from the Fair and Exposition Fund~~  
18 ~~for review and approval by the Joint Committee on Fairs,~~  
19 ~~Allocation, and Classification. The Joint Committee on Fairs,~~  
20 ~~Allocation, and Classification shall review and concur, or not~~  
21 ~~concur, with the spending plan in total, and shall not add to, or~~  
22 ~~delete projects or line items from, the proposed allocation.~~

23 ~~(f) The secretary's recommendations to the Joint Committee on~~  
24 ~~Fairs, Allocation, and Classification shall be deemed approved 30~~  
25 ~~days after they are received unless they are rejected by the~~  
26 ~~committee.~~

27 ~~(g) If the Joint Committee on Fairs, Allocation, and~~  
28 ~~Classification does not concur with the secretary's~~  
29 ~~recommendations, the secretary may submit another set of~~  
30 ~~recommendations to the committee.~~

31 ~~SEC. 7.~~

32 *SEC. 6.* Section 3200 of the Food and Agricultural Code is  
33 repealed.

34 ~~SEC. 8.~~

35 *SEC. 7.* Section 3200 is added to the Food and Agricultural  
36 Code, to read:

37 3200. (a) The Legislature finds and declares that funding for  
38 the network of California fairs is a cooperative venture and is  
39 anticipated to be generated from multiple sources, public and  
40 private. Because of the benefits that accrue to the state and to its

1 residents by virtue of having the fair industry participate  
2 cooperatively with the state for the purpose of effectively  
3 overseeing and promoting fairs within the state, the Legislature  
4 finds and declares that the fairs shall work collectively to identify  
5 and designate new funding sources for fairs to be utilized for the  
6 benefit of all fairs in the network.

7 (b) Notwithstanding any other law, all funds appropriated for  
8 California fairs and expositions pursuant to this chapter or any  
9 other law shall be deposited in the Fair and Exposition Fund and  
10 are continuously appropriated as specified in Sections 19606.1  
11 and 19620.2 of the Business and Professions Code.

12 (c) Notwithstanding Article 2 (commencing with Section 11270)  
13 of Chapter 3 of Part 1 of Division 3 of Title 2 of the Government  
14 Code relating to administrative costs, the California Exposition  
15 and State Fair and the fairs specified in Sections 19418.1, 19418.2,  
16 and 19418.3 of the Business and Professions Code shall only be  
17 assessed and pay a share of those costs directly related to personnel  
18 administration and no other administrative costs for services from  
19 other state agencies except costs for services rendered pursuant to  
20 specific contracts entered into with other state agencies.

21 ~~SEC. 9.~~

22 *SEC. 8.* Section 3954 of the Food and Agricultural Code is  
23 amended to read:

24 3954. Each association by its name has perpetual succession.  
25 It may have a seal. An association may be sued and may sue, and  
26 may do any and all things necessary to carry out the powers and  
27 the objects and purposes for which the association is formed.

28 ~~SEC. 10.~~

29 *SEC. 9.* Section 3965 of the Food and Agricultural Code is  
30 amended to read:

31 3965. The board may, with the approval of the department:

32 (a) Fix the term of office, the amount of bond, salary, and  
33 prescribe the duties of the secretary and of the treasurer.

34 (b) Manage the affairs of the association.

35 (c) Make all necessary bylaws, rules, and regulations for the  
36 government of the association.

37 (d) Delegate, as it may deem advisable, to its officers or  
38 employees any of the powers that are vested in the board under  
39 subdivision (b). Any delegation of power may be revoked at any  
40 time.

1     ~~SEC. 11.~~

2     ~~SEC. 10.~~ Section 3965.1 of the Food and Agricultural Code is  
3 amended to read:

4     3965.1. (a) Notwithstanding Section 3965 or 4051, the board  
5 may arrange for and conduct, or cause to be conducted, or by  
6 contract permit to be conducted, by any other individual, institution,  
7 corporation, or association, upon its property at a time as it may  
8 be deemed advisable, any activity.

9     (b) Notwithstanding subdivision (a), revenue generating  
10 contracts involving hazardous activities shall not be approved by  
11 the board unless adequate insurance coverage is provided, as  
12 determined by the department in consultation with the Department  
13 of General Services.

14    ~~SEC. 12.~~

15    ~~SEC. 11.~~ Section 3967 of the Food and Agricultural Code is  
16 amended to read:

17    3967. (a) Any director who misses three consecutive regular  
18 meetings of the board without the permission of the board is  
19 deemed to have resigned from the board.

20    (b) The Governor may remove a director for cause within one  
21 year of the director's appointment.

22    ~~SEC. 13.~~

23    ~~SEC. 12.~~ Section 4051 of the Food and Agricultural Code is  
24 repealed.

25    ~~SEC. 14.~~

26    ~~SEC. 13.~~ Section 4051 is added to the Food and Agricultural  
27 Code, to read:

28    4051. (a) Subject only to the conditions specified in this  
29 chapter, an association may do any of the following:

30    (1) Contract in accordance with all of the following:

31    (A) All applicable state laws governing contracts, except as  
32 follows:

33    (i) ~~Any grant or~~ contract entered into by an association for  
34 goods is not subject to Chapter 2 (commencing with Section 10290)  
35 of Part 2 of Division 2 of the Public Contract Code.

36    (ii) Any ~~grant or~~ contract entered into by an association is not  
37 subject to Chapter 3 (commencing with Section 12100) of Part 2  
38 of Division 2 of the Public Contract Code.

39    (B) If the estimated total cost of any construction project or  
40 similar work carried out under this section exceeds twenty-five

1 thousand dollars (\$25,000), the district agricultural association  
2 shall solicit bids in writing and shall award the work to the lowest  
3 responsible bidder or reject all bids. The district agricultural  
4 association is subject to all applicable provisions of the Public  
5 Contract Code.

6 (C) A district agricultural association may elect to become  
7 subject to the provisions of the Uniform Public Construction Cost  
8 Accounting Act (Chapter 2 (commencing with Section 22000) of  
9 Part 3 of Division 2 of the Public Contract Code).

10 (2) Accept funds or gifts of value from the United States or any  
11 person to aid in carrying out the purposes of this part.

12 (3) Conduct or contract for programs, and contract for the  
13 purchase or lease of goods as are necessary for effectuating the  
14 purposes of this chapter, either independently or in cooperation  
15 with any individual, public or private organization, or federal,  
16 state, or local governmental agency.

17 (4) Establish and maintain a bank checking account or other  
18 financial institution account, approved by the Director of Finance  
19 in accordance with Sections 16506 and 16605 of the Government  
20 Code, for depositing funds received by the district agricultural  
21 association. Notwithstanding Section 13340 of the Government  
22 Code, all funds maintained in an account authorized by this  
23 paragraph are continuously appropriated to the board, without  
24 regard to fiscal year, to carry out this part.

25 (5) Approve the annual budget of the association and establish  
26 a program for paying vendors who contract with the district  
27 agricultural association.

28 (6) Contract with any county or county fair association for  
29 holding a fair jointly with the county or county fair association.  
30 The joint fair is a district fair of the association.

31 (7) Make or adopt all necessary orders, rules, or regulations for  
32 governing the activities of the district agricultural association.  
33 Notwithstanding Section 14, any orders, rules, or regulations  
34 adopted by the board are exempt from Chapter 3.5 (commencing  
35 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
36 Government Code. For informational purposes only, however, any  
37 order, rule, or regulation adopted by the board may be transmitted  
38 to the Office of Administrative Law for filing with the Secretary  
39 of State pursuant to Section 11343 of the Government Code.

1 (8) Operate a payroll system for paying employees, and a system  
2 for accounting for vacation and sick leave credits of employees.

3 (9) Delegate to the officers and employees of the district  
4 agricultural association the exercise of powers vested in the board  
5 as the board may deem desirable for the orderly management and  
6 operation of the association.

7 (10) With the approval of the Department of General Services,  
8 purchase, acquire, hold, sell, or exchange, or convey any interest  
9 in real property for a period in excess of 20 years. Any acquisition  
10 of land or other real property shall be subject to the Property  
11 Acquisition Law (Part 11 (commencing with Section 15850) of  
12 Division 3 of Title 2 of the Government Code).

13 (11) ~~Make~~ *With the approval of the Department of General*  
14 *Services, make* permanent improvements upon publicly owned  
15 real property adjacent to, or near the vicinity of, the real property  
16 of the district agricultural association when the improvements  
17 materially benefit the property of the association.

18 (12) *With the approval of the Department of General Services,*  
19 *lease, let, or grant licenses for the use of its real property, or any*  
20 *portion of that property, to any person or public body for whatever*  
21 *purpose as may be approved by the board.*

22 ~~(12)~~

23 (13) Use or manage any of its property jointly or in connection  
24 with any lessee or sublessee, for any purpose approved by the  
25 board.

26 ~~(13)~~

27 (14) With the approval of the Department of General Services,  
28 pledge any and all revenues, moneys, accounts, accounts  
29 receivable, contract rights, and other rights to payment of whatever  
30 kind, pursuant to such terms and conditions as are approved by  
31 the board. The revenues, moneys, accounts, accounts receivable,  
32 contract rights, and other rights to payment of whatever kind  
33 pledged by the association or its assignees constitute a lien or  
34 security interest that immediately attaches to the property pledged,  
35 and is effective, binding, and enforceable against the association,  
36 its successors, purchasers of the property so pledged, creditors,  
37 and all others asserting rights therein, to the extent set forth, and  
38 in accordance with, the terms and conditions of the pledge,  
39 irrespective of whether those persons have notice of the pledge

1 and without the need for any physical delivery, recordation, filing,  
2 or further action.

3 (b) (1) Notwithstanding any other law, an association shall  
4 adopt a fiscal review policy as follows:

5 (A) An association with an annual budget exceeding five million  
6 dollars (\$5,000,000) shall conduct an annual audit by an  
7 independent certified public accountant or certified public  
8 accountancy firm selected by the board.

9 (B) An association with an annual budget of less than five  
10 million dollars (\$5,000,000) shall have its books and accounts  
11 examined and reviewed annually and audited once every three  
12 years by an independent certified public accountant or certified  
13 public accountancy firm selected by the board.

14 (2) Notwithstanding paragraph (1), the department may require  
15 an audit to be conducted before the times specified in  
16 subparagraphs (A) and (B) of paragraph (1) if the department  
17 deems the audit is necessary to protect the interests of the  
18 association.

19 ~~SEC. 15.~~

20 *SEC. 14.* Section 4051.1 of the Food and Agricultural Code is  
21 repealed.

22 ~~SEC. 16.~~

23 *SEC. 15.* Section 4051.2 of the Food and Agricultural Code is  
24 repealed.

25 ~~SEC. 17.~~

26 *SEC. 16.* Section 4053 of the Food and Agricultural Code is  
27 repealed.

28 ~~SEC. 18.~~

29 *SEC. 17.* Section 4053 is added to the Food and Agricultural  
30 Code, to read:

31 4053. Notwithstanding Section 14660.5 of the Government  
32 Code, the title, control, and possession of all personal property  
33 acquired, held, managed, or operated by a district agricultural  
34 association, including property controlled or possessed by the  
35 association before the enactment of this section, vests with the  
36 association.

37 ~~SEC. 19.~~ Section 4057 of the Food and Agricultural Code is  
38 repealed.

1     ~~SEC. 20.~~

2     ~~SEC. 18.~~ Section 4401.5 of the Food and Agricultural Code is  
3     repealed.

4     ~~SEC. 21.~~

5     ~~SEC. 19.~~ Section 11011.2 of the Government Code is amended  
6     to read:

7     11011.2. (a) (1) Notwithstanding any other law, including,  
8     but not limited to, Sections 11011 and 14670, except as provided  
9     in this section, the Department of General Services may lease real  
10    property under the jurisdiction of a state agency or department, if  
11    the Director of General Services determines that the real property  
12    is of no immediate need to the state but may have some potential  
13    future use to the program needs of the agency or department.

14    (2) The Director of General Services may not lease any of the  
15    following real property pursuant to this section:

16    (A) Tax-deeded land or lands under the jurisdiction of the State  
17    Lands Commission.

18    (B) Land that has escheated to the state or that has been  
19    distributed to the state by court decree in estates of deceased  
20    persons.

21    (C) Lands under the jurisdiction of the State Coastal  
22    Conservancy or another state conservancy.

23    (D) Lands under the jurisdiction of the Department of  
24    Transportation or the California State University system, or land  
25    owned by the Regents of the University of California.

26    (E) Lands under the jurisdiction of the Department of Parks and  
27    Recreation.

28    (F) Lands under the jurisdiction of the Department of Fish and  
29    Wildlife.

30    (3) A lease entered into pursuant to this section shall be set at  
31    the amount of the lease's fair market value, as determined by the  
32    Director of General Services. The Director of General Services  
33    may determine the length of term or a use of the lease, and specify  
34    any other terms and conditions that are determined to be in the  
35    best interest of the state.

36    (b) The Department of General Services may enter into a  
37    long-term lease of real property pursuant to this section that has  
38    outstanding lease revenue bonds and for which the real property  
39    cannot be disencumbered from the bonds, only if the issuer and  
40    trustee for the bonds approves the lease transaction, and this

1 approval takes into consideration, among other things, that the  
2 proposed lease transaction does not breach a covenant or obligation  
3 of the issuer or trustee.

4 (c) (1) All issuer- and trustee-related costs for reviewing a  
5 proposed lease transaction pursuant to this section, and all other  
6 costs of the lease transaction related to the defeasance or other  
7 retirement of any bonds, including the cost of nationally recognized  
8 bond counsel, shall be paid from the proceeds of that lease.

9 (2) The Department of General Services shall be reimbursed  
10 for any reasonable costs or expenses incurred in conducting a  
11 transaction pursuant to this section.

12 (3) Notwithstanding subdivision (g) of Section 11011, the  
13 Department of General Services shall deposit into the General  
14 Fund the net proceeds of a lease entered into pursuant to this  
15 section, after deducting the amount of the reimbursement of costs  
16 incurred pursuant to this section or the reimbursement of  
17 adjustments to the General Fund loan made pursuant to Section 8  
18 of Chapter 20 of the 2009–10 Fourth Extraordinary Session from  
19 the lease.

20 (d) The Department of General Services shall transmit a report  
21 to each house of the Legislature on or before June 30, 2011, and  
22 on or before June 30 each year thereafter, listing every new lease  
23 that exceeds a period of five years entered into under the authority  
24 of this section and the following information regarding each listed  
25 lease:

26 (1) Lease payments.

27 (2) Length of the lease.

28 (3) Identification of the leasing parties.

29 (4) Identification of the leased property.

30 (5) Any other information the Director of General Services  
31 determines should be included in the report to adequately describe  
32 the material provisions of the lease.

33 *SEC. 20. Section 13332.09 of the Government Code is amended*  
34 *to read:*

35 13332.09. (a) A purchase order or other form of documentation  
36 for acquisition or replacement of motor vehicles shall not be issued  
37 against any appropriation until the Department of General Services  
38 has investigated and established the necessity therefor.

39 (b) A state agency shall not acquire surplus mobile equipment  
40 from any source for program support until the Department of

1 General Services has investigated and established the necessity  
2 therefor.

3 (c) Notwithstanding any other law, any contract for the  
4 acquisition of a motor vehicle or general use mobile equipment  
5 for a state agency shall be made by or under the supervision of the  
6 Department of General Services. Pursuant to Section 10298 of the  
7 Public Contract Code, the Department of General Services may  
8 collect a fee to offset the cost of the services provided.

9 (d) Any passenger-type motor vehicle purchased for a state  
10 ~~officers, officer,~~ except a constitutional officer, or a state employee  
11 shall be an American-made vehicle of the light class, as defined  
12 by the California Victim Compensation and Government Claims  
13 Board, unless excepted by the Director of General Services on the  
14 basis of unusual requirements, including, but not limited to, use  
15 by the California Highway Patrol, that would justify the need for  
16 a motor vehicle of a heavier class.

17 (e) General use mobile equipment having an original purchase  
18 price of twenty-five thousand dollars (\$25,000) or more shall not  
19 be rented or leased from a nonstate source and payment therefor  
20 shall not be made from any appropriation for the use of the  
21 Department of Transportation, without the prior approval of the  
22 Department of General Services after a determination that  
23 comparable state-owned equipment is not available, unless  
24 obtaining approval would endanger life or property, in which case  
25 the transaction and the justification for not having sought prior  
26 approval shall be reported immediately thereafter to the Department  
27 of General Services.

28 (f) (1) The Trustees of the California State University shall, to  
29 the greatest extent feasible, purchase vehicles using statewide  
30 commodity contracts.

31 (2) The trustees shall make an interim report to the Governor  
32 and the Legislature on January 1, 2014, and a final report on  
33 January 1, 2015, on their motor vehicle procurement, including  
34 all of the following:

35 (A) An inventory, by campus, of motor vehicles that includes  
36 the type of vehicle, vehicle usage and fuel data consistent with the  
37 Department of General Services fleet asset management system  
38 and reported to the Department of General Services.

39 (B) The number of motor vehicles purchased during the prior  
40 fiscal year, disaggregated by campus and type of vehicle if the

1 passenger vehicle or truck was purchased through statewide  
2 commodity contracts, and the purchase price.

3 (C) Any change to a policy or procedure made during the prior  
4 fiscal year related to motor vehicle procurement and contracts for  
5 procurement and identifying any vehicle procured pursuant to the  
6 new policy or procedure.

7 (D) The average time to complete procurements, average  
8 administrative costs, reduced charges paid to the Department of  
9 General Services, and competitive or reduced market prices  
10 obtained for the vehicles.

11 (3) A report submitted pursuant to this subdivision shall be  
12 submitted in compliance with Section 9795.

13 (g) As used in this section:

14 (1) “General use mobile equipment” means equipment that is  
15 listed in the Mobile Equipment Inventory of the State Equipment  
16 Council and capable of being used by more than one state agency,  
17 and shall not be deemed to refer to equipment having a practical  
18 use limited only to the controlling state agency. Section 575 of the  
19 Vehicle Code shall not have application to this section.

20 (2) “State agency” means a state agency, as defined pursuant  
21 to Section 11000. The University of California is requested and  
22 encouraged to have the Department of General Services perform  
23 the tasks identified in this section with respect to the acquisition  
24 or replacement of motor vehicles by the University of California.  
25 “State agency” does not include a district agricultural association,  
26 as specified in Section 3802 of the Food and Agricultural Code.

27 (h) This section shall remain in effect only until July 1, 2015,  
28 and as of that date is repealed.

29 ~~SEC. 22.~~

30 *SEC. 21.* This act is an urgency statute necessary for the  
31 immediate preservation of the public peace, health, or safety within  
32 the meaning of Article IV of the Constitution and shall go into  
33 immediate effect. The facts constituting the necessity are:

34 In order to restore the viability of California fairs as soon as  
35 possible, it is necessary that this act take effect immediately.